

# The Nation's Business

Volume III

October 15, 1915

Number 10

How the Organizations Vote on the Referendum

The National Chamber's New Service Bureau

Improving Our Commercial Service Abroad

Commercial Secretaries in Conference

Why Do We Need a National Budget?

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# THE NATION'S BUSINESS

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## Commerce in the Month's News

**D**URING the busy moments of the Sixty-Fourth Congress and at a time which, as we can now see, is one of the most critical of the world's history, the Fourth Annual Meeting of the Chamber of Commerce of the United States will be held at the nation's capital. Not only is American domestic business at a moment of test; our commercial relations with the rest of the world are in a state of flux. This gathering of the representative business men of the nation to consider the peculiar problems which press for settlement, some of them undreamed of when Congress last sat, is of particular significance. When, therefore, representatives of the National Chamber assemble on February 8, 9 and 10, 1916, to reason together over the condition of business and the changes which materially affect it, every keen, alive business man of the country who is able to do so, will want to be present at this convention of American commerce. Particulars will be given in succeeding issues of THE NATION'S BUSINESS.

**A** businesslike way of handling the resources and obligations of the nation—such, in plain English, is the meaning of a National Budget. Practically every modern nation—except the United States of America—analyzes and controls its finances by means of a budget procedure. A little study of the vast war budget presented to the British Parliament last month by the Chancellor of the Exchequer—the largest financial demand in the history of the world—shows the force of Lord Morley's dictum (in his "Gladstone") that "budgets are not merely affairs of arithmetic" but "in a thousand ways go to the root of the prosperity of individuals, the relation of classes, and the strength of kingdoms." The demand for a national budget in this country has become very insistent. During the summer of 1915 two states, New York and Maryland, have adopted budget proposals which await only popular approval for enactment into law. An increasing

number of public men are coming out in favor of the budget principle. The National Chamber is committed by referendum to the advocacy of it. Representative Sherley of Kentucky, Chairman of a Committee recently authorized by the Democratic Caucus to consider the question of a national budget, has admitted in a newspaper interview that Congress owes it to the country to be more specific about the government's financial methods. Early next month, the Congressman said, he hopes to begin work upon the administration's proposal for a budget. We commend to our readers the historical and descriptive statement which appears on another page of THE NATION'S BUSINESS this month, as well as to the expressions of opinion in favor of a budget by prominent leaders of American public thought and action.



SENORA LATIN AMERICA WOULD TRADE WITH UNCLE SAM IF HE COULD DELIVER THE GOODS—Berryman, in the Star (Washington).

**T**HE subscription, through American bankers last month, of more than half a billion dollars to the British and French governments calls attention to the supremacy in finance which seems to be at last knocking at the doors of American business. The financial adviser of the German Embassy at Washington tells us that, as soon as the war is over, Uncle Sam will be

the richest and most powerful person in the world. The editor of the London *Statist* is certain that, hereafter, all the trade of Europe will wait upon our nod. The manager of the New York Clearing House insists that financial Europe will be at our mercy as soon as hostilities have ceased. Modestly disclaiming any desire to "bank" upon these predictions, we recognize the fact that, just now, European credit is at its greatest discount in the history of American finance; that is, in terms of foreign exchange. The American dollar is worth more than at any preceding period in our history. The English pound, the French franc, the German mark, the Italian lire, and the Austrian crown have fallen to pathetic levels. In the words of the Irish wit, the English pound is short weight, and the German unit below the mark.

**T**HE time is now ripe for the serious consideration by our national legislature of a Permanent Tariff Commission. This is admitted by many of our most far-sighted political and economic leaders. The Chamber of Commerce of the United States has always stood for the establishment of such a commission. It has now appointed a special committee of nine, representing all parts of the country, to collate material which may be used to urge upon Congress the creation of such a permanent body without further delay. The tariff is bound to be an early and pressing item on the program of the Sixty-Fourth Congress.

**I**T has been said by one keen business leader that, if the nations of Europe are being put to the supreme test during the war, our turn to be tested will come when the conflict is over. The other day a prominent banker of Chicago drew a distinction between our trade in war munitions (which will end with the conflict) and the permanent business that Great Britain is building up on Germany's loss, and our limitations by contraband regulations. He said: "We must insist on the appointment of an expert non-partisan Tariff Commission to prepare for the readjustment which must come after the war." Last month we printed some opinions on the need for a Tariff Commission. On another page this month further testimony from Republican, Democratic and Progressive Party leaders is recorded.

**G**RATIFYING progress was reported at the meeting of the United States section of the Pan American International High Commission, held at Washington on September 23. Committees, appointed to investigate the uniformity of laws regulating bills of exchange and lading, the unification of customs regulations, the standardization of sanitary regulations on imports, the extension of means of arbitration of commercial disputes, the conditions imposed in foreign markets on business companies and the necessity for uniformity in regulations

Why Should We Have a National Budget?

Some Expert Testimony

Progress of the Pan American High Commission

American "Supremacy" in Finance

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for commercial travelers in rates of passage, in warrants and in laws regarding corporations and joint stock companies, reported. Their reports were discussed and referred for further action to the next meeting of the Commission which has been set for the first of December. The meeting of the entire International High Commission, originally fixed for November 1, at Buenos Aires, Argentina, has been postponed until April 3, next.

MEANWHILE the "Latin American Return Visit Committee" had held a meeting in New York and had determined upon six trips to make up the visit: one to Argentina, one to Brazil, one to Uruguay and Paraguay, one to Ecuador, Peru, Bolivia and Chile, one to Cuba, Santo Domingo, Venezuela and Colombia, and one to Guatemala, Salvador, Honduras, Nicaragua, Costa Rica and Panama. It should be noted here that the educational conference on foreign service training, called for October 4 in Washington, and, which—as we noted last month—has been postponed, will be held at the Capital city on December 31, when it will meet in connection with the second Pan American Scientific Congress.

THROUGHOUT the press of Latin America, particularly that of Argentina and Chile, there has been a good deal of discriminating comment on the Pan American Financial Conference of last May and its results. One of the leading Argentine journals, which may be said to voice the opinion of the country, commends the efforts of the Conference to establish better lines of communication between the United States and Latin America, but insists that all such efforts will prove only temporarily successful unless American merchants are willing to cooperate in attempting to do business in South America in the manner in which the South Americans want it done. It is interesting to note in this connection that the Bureau of Foreign and Domestic Commerce has just issued a new publication entitled "Financial Developments in South American Countries," an incisive review of currency, money markets, the principal banks and the general conditions of business in Argentina, Bolivia, Chile, Brazil, Peru, and Uruguay during the past two or three years.

THE Manila members of India House, the association of export merchants, shipping men and bankers with headquarters in New York, have sent a memorial urging the repeal of the Seamen's Law. On almost the same day the *Commerce Reports* printed a long article entitled: "Crisis in Shipping on the Pacific" from the American consul general at Hong-kong. After referring to the withdrawal of the Pacific Mail Steamship Company from the Pacific with the loss of prestige to American trade which that change implies, the consul general closes with these words:

There is not now, and so far as may be seen at present, neither is there likely to be soon, sufficient vessels to carry American and other passengers between Asia and the United States, to carry American freight to its Eastern markets, or carry Asiatic raw materials to American manufacturers, while postal service and all similar facilities of trade depending upon rapid and regular communication between the United States and the Far East can but be irregular and precarious for an indefinite period in the future. Whatever may be the cause or occasion for recent changes, the actual result of such changes has been the placing of American trade and American interests in the Far East in the greatest jeopardy.

Some illuminating figures on the ship-building situation in the United States during the year 1915 are given on another page this month.

## IMPORTANT

### The Fourth Annual Meeting

OF THE

### Chamber of Commerce of the United States

will be held at the New Willard Hotel in Washington, on February 8, 9 and 10, 1916.

The sessions will be preceded by the meeting of the  
National Councillors, on February 7.

FROM the four corners of the globe come reports of the activities of chambers of commerce, new and old. Madrid offers gratuitous publicity to American business. We tell about it in a note on another page. Recently in these pages we have printed comprehensive articles on chambers of commerce in France, India and China. A few weeks ago the Russian-American Chamber of Commerce, with headquarters in Moscow, sent a representative to study American business and now a similar mission—although on a larger scale—is expected from Holland. Last month saw the organization of the American-Norwegian Chamber of

The Chamber of Commerce  
a World  
Institution



WHAT CAN HE DO BUT TAKE IT IN?—OR, HAS FINANCIAL SUPREMACY COME TO AMERICA?—Bradley, in the *Daily News* (Chicago).

### An English Tribute to the National Chamber

The Chamber of Commerce of the United States is a combination not in restraint of trade but in promotion of the trade, commerce and industry of the country. \* \* \* It has done much to promote measures for the enlargement of American commerce. It is ready at all times to bring its opinions to bear upon the repeal of harmful commercial and navigation laws. After all, the greatest good effected has been in uniting the commercial and business men of this country in a great cooperative movement for the country's best interests. One of its greatest benefits has been, and will continue to be, the influence upon Congress and the Executive of a non-partisan body, with the most careful, thoughtful and unprejudiced opinion, representing the decided views of the business men of the whole nation. \* \* \*

—From the *Shipping World* (London).

Commerce in St. Paul. From far-off Siberia we learn that the Irkutsk Chamber has advised the Russian Government to improve its roads and waterways and to establish new telegraph stations and postoffices. It is interesting to recall here the Chambers of Commerce in foreign cities that are members of the National Chamber: the Milan Chamber, Italy; the American Chamber in Paris, the American Association of Commerce and Trade in Berlin, and the American Chamber for the Levant, Constantinople, Turkey.

PERHAPS the most fruitful and significant work of the Board meeting of the National Chamber at Cleveland this month is the proposal to link up laboratories of the American universities with the government and the organized commercial interests of the nation—in the National Chamber—for the extension and betterment of American commerce. The details of this are told on another page. Altogether it was a most gratifying meeting and the hospitality of the city of Cleveland has left a most pleasant memory with the Directors. The annual meeting of the Chamber, it should be noted, will be held at Washington on February 8, 9 and 10.

SOME particularly noteworthy articles appear in this number of THE NATION'S BUSINESS and we modestly call the attention of our readers to them. The Chamber's new service bureau for organizations, one of the most important developments of its work for some time past, is fully described. The methods used by their own organizations to secure the opinion of their membership when the National Chamber asks a referendum of them, are also laid down. There is a comprehensive account of the meeting of commercial organization secretaries at St. Louis, besides important articles on improving our commercial service abroad, and on a tariff commission and a national budget, with some significant opinions.

Calling Attention  
to Our  
Articles



# Improving Our Commercial Service Abroad

## The Strong Points and the Weaknesses in Our Consular System

**L**ONG the object of criticism and at times even of contempt, the consular service of the United States during the past decade, has become steadily stronger, better, and more efficient, until it is now, despite many weak spots, in some respects the best in the world. It has an efficiency all its own, due largely to the instinct for sighting business opportunities and for the management of affairs which is characteristic of the American people.

When compared, however, with the consular services of other countries, it shows not only a certain crudity but an indifference to its importance and lack of support on the part of the government and people that it would be difficult to explain.

### The National Chamber's Committee to Suggest Improvements

Two years ago (to be exact, on November 8, 1913) the special Committee on the Department of Commerce, appointed by the Chamber of Commerce of the United States, recommending an extension of the activities of the Bureau of Foreign and Domestic Commerce, made a report which was submitted to a referendum vote of the National Chamber. This report was based in the main on a letter of the Secretary of Commerce to the President, proposing a reorganization of the Bureau. The recommendations of the committee were adopted by an almost unanimous vote. The results of this referendum were submitted to Congress by the Secretary of Commerce and the National Chamber, and in large part, the appropriations recommended were provided.

The most important recommendations made were: Provision for the new commercial attaches, officers of the Department of Commerce, and accredited to American legations in foreign countries by the State Department; an increase in the force of commercial agents and provision for giving special attention to trade in Latin-America.

The improvements advocated in 1913 have been regarded merely as preliminary. Since its report of that year the committee has kept in close touch with the workings of the Bureau of Foreign and Domestic Commerce for the purpose of evolving practical suggestions for further betterment.

### The Vast Opportunities Offered by the War in Europe

The European war, leaving, as it has, vast markets of the world unsupplied, has opened up tremendous opportunities. With these in view the committee has been preparing another report for submission to the Board of Directors upon which another referendum is to be taken.

In view of the peculiar opportunities at the present time for the development of American commerce, the National Chamber's committee, in its report, strongly urges upon Congress that increases in appropriations recommended should be made effective at once.

In considering increases that, in its opinion, should be made for the Consular Service (under the Department of State), and the Bureau of Foreign and Domestic Commerce (under the Department of Commerce), the report of the Cham-

ber's committee deals with (a) funds necessary for the Bureau in Washington, (b) the money necessary for promoting commerce throughout the world except in Latin-America (which is considered in a separate appropriation), (c) the promotion of commerce in Latin-America, (d) an increase in the commercial attaché service, (e) the maintenance of district offices, (f) the civil service, (g) development of the consular service and (h) statistics of internal commerce.

### Some Specific Needs Stated

Summing up its reasons for asking increased appropriations and analyzing such reasons according to the classification given above, the committee's report states that, although increased appropriations were made in 1914 for the foreign and field service, when the work of the commercial attaches was begun, no increase in appropriation was made for "clearing" this information and the clerical force at Washington was curtailed instead of increased. "The

American literature abroad, and a radical change in the attitude of the government toward the traveling and living expenses of its consuls, commercial agents and commercial attaches.

### The Vexatious Question of Traveling Expenses

The present statutory limitation of traveling expenses to five dollars a day exclusive of railroad transportation, says the committee's report, "is frequently inadequate and results in discrimination and unfairness to employees. There are many cases when government officials, in the consular service and in the field service of the Department of Commerce, are obliged to pay considerable amounts out of their own resources to meet the expenses over and above five dollars a day incurred in traveling in foreign countries. This is not only a discouragement to good service, but it contains the elements of false pretense. Since living expenses vary considerably in different parts of the globe, the dead level of salary obviously works unfairly at times. The

importance of a man's position, which is a consideration in determining his availability for new employment is always judged in part by the salary which he receives."

By an actual calculation over a great many cases made by the Consular Bureau the loss per mile for transportation (by promotion or transfer) to American consuls abroad is \$1.18. That is to say, the government allows a flat rate of \$0.5 a mile when a consul is promoted or transferred. This, in the majority of cases, does not pay his own way, to say nothing of the expenses of moving his family and goods. An average over a good many cases, of expenses of consuls in moving shows that the cost per mile is \$2.3, leaving a net loss of \$1.18. European governments generally recognize the situation better than our own and provide adequate means to their consuls when promoted or transferred for the movement. These governments not only

pay the expenses of the consuls themselves when they move, but the expenses of moving their families and household goods, and in many cases, their servants also. Moreover, they grant an allowance (a certain per cent of their salary) at once upon their arrival at a new post for the incidental expenses of moving into a new place—new equipment, clerk hire and the other odd things that always come up for settlement when any one moves into a new place.

American consuls are entitled to that peace of mind that comes from relief from the small worries over living and traveling expenses, the relief that makes so much for efficiency.

### The Problem of Equality in Salaries

For example, a commercial officer or attaché at London and the capital of a South American country may receive the same salary. The actual cost of living, however, is twice as great in Latin-America as it is in London. It would be obviously improper to pay in salary to the commercial attaché to the Court of Saint James only half as much as to his South American colleague. Yet such is in fact what would have to happen if these establishments were put on



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DIRECTOR WILBUR J. CARR, OF THE CONSULAR SERVICE, WITH HIS CLASS.

(Standing: O. Gaylord Marsh, Vice-Consul at Ottawa; J. R. Putnam, Vice-Consul at Barcelona; A. C. Frost, Vice-Consul at Genoa; C. E. Gauss, Vice-Consul at Shanghai. Seated: George K. Stiles, Consul, Canary Islands; Francis J. Dyer, Consul at Ceida, Honduras; Herbert C. Hengstler, Chief of Consular Bureau at Washington; Wilbur J. Carr, Director of the Consular Service; Maurice P. Dunlap, Consul Stavanger, Norway; Thomas D. Davis, Consul at Grenoble, France.)

result has been over-work, delay, and a failure to take full advantage of the new opportunities provided for in the increased appropriations."

Attention is then called to the need of a director of field service. The investigations carried on by the field service are highly important and are now rounded out by the provision for commercial attaches.

The committee recommends the investigation in foreign countries particularly of investment possibilities and of railroad rates and other means of inland transportation. It recommends also expert study of banking and tariffs. In this field it also urges an appropriation for the collection and exploitation of samples; the appointment of geographical experts at Washington who shall inform business men regarding climate, living conditions and similar information in addition to data strictly commercial; the distribution of

## COMMERCE REPORTS

DAILY CONSULAR AND TRADE REPORTS  
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DEPARTMENT OF COMMERCE  
For sale by the Superintendent of Documents, Washington, D. C., at \$2.50 per year

THE DAILY NEWSPAPER IN WHICH THE COMMERCIAL NEWS OF THE CONSULS AND COMMERCIAL ATTACHES IS PRINTED.



THE BADLY HOUSED AMERICAN CONSULATE IN LA GUAIRA, VENEZUELA

the same basis. The committee's recommendation is:

"The salary should be commensurate with the importance of the position and a special fund provided, or some other method adopted, for adjusting the difference in living expenses among officers of the United States of equal rank, to meet cases in which living expenses are materially in excess of the average."

A list of salaries paid to lower grade consuls at posts where the cost of living is very high shows some startling things. In cities where the United States is one of the strongest competitors of Great Britain and Germany for the world's markets, the following figures of salary show how handicapped the American consul is:

	Great Britain	Germany	United States
Vladivostok .....	\$4,865	\$5,783	\$3,500
Rosario .....	4,865		3,500
Tunis .....	4,379 & house	5,093	2,500
Petrograd .....	5,450	8,151	3,500
Batum .....	3,893	4,392	2,500

With regard to the problem of equalizing the cost of living, a much better way than raising the scale of salaries it is now believed is to place at the disposal of the Department a sum sufficient to enable it to make allowances to individual posts to meet changes or variations in the cost of living. For example, the German consul general receives a maximum salary in his grade of \$2,856. At Moscow, however, he is given an additional allowance of \$5,200. At Naples this is reduced to \$2,800, while at New York, it is increased to \$10,000. The solution seems to be found in allotting to the consul "a sum equal to the normal cost of living for an officer of his

grade and the existing cost at the post where he happens to be stationed."

#### Latin-America and What It Offers

Special consideration is given in the committee's report to the matter of promotion of commerce in Latin-America. During the present year a congressional appropriation of \$50,000 is available for this purpose. Next year the amount will be \$75,000. Moreover, in 1915, Congress authorized an appropriation of \$50,000 for the Pan-American Financial Conference. It is generally believed that, with the close of the European war, we may be able to hold against European competitors a goodly proportion of the markets for American products which we have now gained in Latin-American countries. The committee believes that the appropriation of \$75,000 for 1916 should be increased.

#### More Commercial Attaches Needed

There are now ten commercial attaches accredited to American embassies or legations in foreign countries. "The new service has already proved of value and its extension to other countries is strongly recommended." The countries to which commercial attaches are now accredited are: Great Britain, Russia, Brazil, Argentina, Chile, Peru, Australia, China. The committee recommends that the attaches now assigned to Australia be transferred to one of the following countries and that new attaches be appointed to cover others: Italy, Scandinavia, Spain, Austria, Japan and Turkey. In countries where the commercial interests of the United States are not sufficiently important to justify the appointment of an attaché or where the United States maintains no legation, or where the commercial representative is to cover a number of countries, the committee recommends the use of the title "Trade Commissioner." These officials, to perform the same services as commercial attaches, the committee believes should be appointed to Australia and New Zealand, South Africa, British India, Greece and the Balkan States, East Indies and Central America. During the past two years the Department of Commerce has established eight branch offices in the United States—Boston, New York, Chicago, St. Louis, San Francisco, Atlanta, New Orleans and Seattle. Each of these distributing centers for commercial information now covers a certain district into which the whole country is divided. The Committee urges the establishment of certain sub-stations for the further diffusion of this information.

#### Invoking the Aid of the Civil Service

In its report of 1913, the committee recommended that the commercial attaches should be appointed and promoted under the Civil Service law. Although this recommendation was not adopted, the Secretary of Commerce has seen fit to apply an examination system in selecting appointees. "The Committee now renews its recommendation that commercial attaches should be appointed and promoted under the Civil Service law, and it believes that the same sound principle should be applied to trade commissioners, if appointed, and to commercial agents."

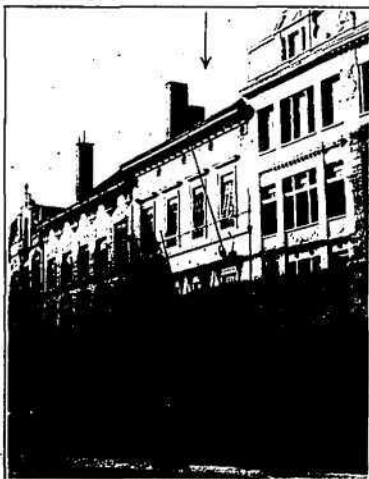
#### Some Specific Suggestions for Improvement

In the opinion of the Chamber's Committee the most pressing needs of the consular service are:

1. Americanization.
2. Adequate clerical assistance.
3. Promotion of certain consular agencies to consulates where needed.
4. The establishment of new commissions.
5. Adequate inspection of the service.

The report gives a list of cities maintaining consular agencies, where, in its opinions, there should be consulates. It recommends the establishment of consulates in fifteen new cities and urges more adequate provision for inspectors and more frequent inspection; finally, a fuller publication of statistics of internal commerce relative to the movements of trade is urged. The Committee recommends the resumption of the publication of such statistics, initiated several years ago and suspended, owing to the failure of Congress to continue the appropriation.

Summing up the reforms which have been brought about in the Consular Service during

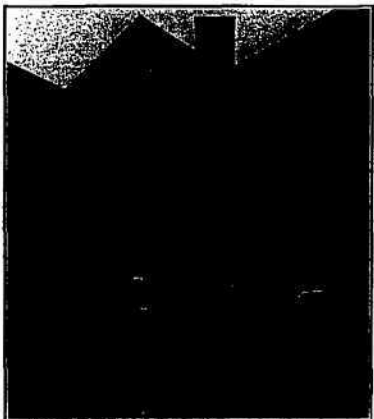


OUR CONSULAR REPRESENTATIVE IN ANTWERP IS LOCATED IN THIS UNDESIRABLE BUILDING

the past ten years, the Director of the Consular Service says, these include:

1. The elimination of all personal profit on the part of consular officers by putting them on salary and compelling the turning over of fees to the Government.
2. The classification of the service so as to permit of promotions.
3. A graduation of salaries.
4. The systematic inspection of consular officers by men chosen from the service.
5. The stimulation to the performance of duty by keeping a careful record of efficiency and conduct.
6. Gradual improvement of the physical condition and equipment of officers by providing better houses in better parts of port towns.
7. The gradual Americanization of the clerical force by appointing young Americans as clerks wherever and whenever possible.
8. The improvement of the personnel by demanding that candidates shall pass a comprehensive examination to determine their personal and educational qualifications for their work.
9. A gradual elimination of useless offices and inefficient officers.

Referring to improvement in consular quarters it is a fact for congratulation that during the past ten years the Director of the Service has been enabled to transfer some from old and inadequate quarters in back districts of European districts into the business sections. In the Far East the situation is somewhat different. The difficulties arise from the inability to convince Congress of the necessity to have pretentious quarters in Chinese and Japanese cities



OUR CONSULATE AT BRISTOL, ENGLAND, IN 1904



THE FINE BRISTOL HEADQUARTERS IN 1915



IN 1907 THE AMERICAN CONSULATE AT VALPARAISO, CHILE, WAS LOCATED IN THIS BUILDING

where show counts for a good deal. In Canton and Shanghai excellent quarters may have to be given up because of the expiration of leases. Moreover, not only because of the smallness of rent allowances, but because proper buildings don't exist in the Far East, the housing of American consuls in that far off region is a difficult matter. In Canton, Shanghai, Hankow and Mukden, our consular service has but a precarious hold. Prestige counts for a great deal in these cities and in those where we now have good buildings and proper accommodations we stand to lose such unless opportunities are taken advantage of at once.

#### Qualifications of a Successful Consul

The Director of the Consular Service maintains that a consul general, a consul, even a vice consul, should be an American "of the best type, a university graduate, if possible." He should have special training and be able to report the results of his investigations in a manner so as to be of practical value to American business. He should be able by his personality to take a place among the best people of the district to which he is assigned. "He should be a gentleman, should possess great tact, much personal charm and resourcefulness, and have a practical habit of thought." Altogether he should "acquire a reputation abroad for dignity, permanency, helpfulness and efficient organization." As to the rule in the United States fixing the maximum age for examination for admission to the consular service at fifty years, this is "entirely too high." Great Britain has placed her maximum age at twenty-seven. Under no circumstances should men be admitted to examinations if over thirty.

#### Frequent Visits to the United States Necessary

It has been urged by students of the service that some method be devised by which consuls may be required to visit the United States at stated times on leave of absence in order to become acquainted with American progress and industry and to give the chambers of commerce and business men at first hand information in regard to commercial conditions in the countries from which these officers come. This would act as a great agency for vitalizing the entire consular organization. Consuls now receive leave of absence for sixty days each year on full pay, with additional time if they come to the United States. It has been suggested that this could be shortened and made cumulative so that once in every two or three years, a consul would be required to return home and then, as is the case in the British system, half of his and his wife's traveling expenses could be paid.

Frequent visits to the United States for the purpose of studying their home districts would

be of great benefit to the service and to the business interests it serves. Consuls would carry back with them first hand information of products and American trade methods, and of individuals and manufacturing establishments which would be invaluable in the work of bringing about connections between importers abroad and exporters at home. Probably no other one thing would have such a vitalizing effect upon the consular personnel.

#### How the Cost of Living Hinders

In foreign countries as well as in the United States, living expenses have increased at a rapid rate during recent years. American representatives abroad are unanimous on this subject and on the difficulties, not to say hardships, experienced by American consular officers in performing their duties under existing conditions. The Consul General at Genoa, Italy, for instance, reports "an enormous increase in the cost of living" and asks an increase of 25 per cent in the compensation of clerical assistance. From Russian and Turkish cities where we have representatives come similar reports. From Spain, Austria, France, Great Britain and Germany the reports are the same, while in South Africa, we



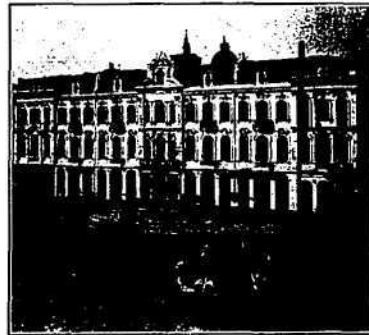
IN DUBLIN, THE IRISH CAPITAL, OUR CONSUL HAS TO GET ALONG WITH THIS, OVER A GROCERY STORE

are informed, it now costs almost fifty per cent more to live than during the past few years.

Analyzing the increases necessary for salaries, buildings in the Far East, contingent expenses and post allowances, visits to the United States for conferences with business men and for studying American conditions and for transporting consuls, their families and effects when transferred or promoted from one post to another, the total of \$807,000 increase is suggested.

#### The Necessity for an Appropriate Building

In the Orient a large part of the usefulness of



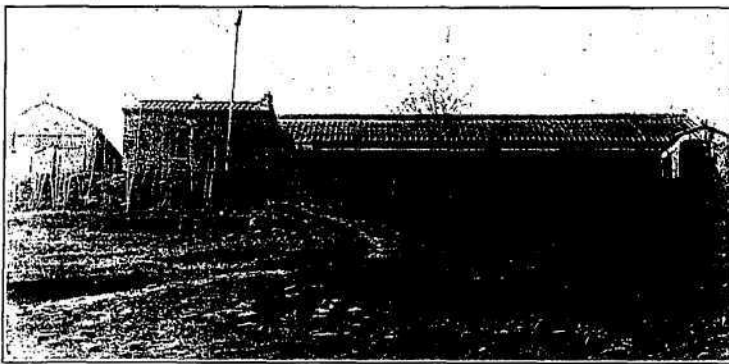
FOUR YEARS LATER (1911), IT WAS SUMPTUOUSLY HOUSED AS SHOWN HERE

a consul depends in great measure upon the respect in which he is held by the people of the country and that respect, in turn, depends, in great measure upon the manner in which the consul lives and the way in which the consulate is housed. American office buildings do not exist in the Far East and could not be kept up in the American fashion if they did. The great commercial nations of Europe (and Japan) as a rule own their own commodious buildings where the consuls reside and have their offices, in the principal ports of the East. The United States is the only great nation now that rents its consular premises. Recommendations for owning buildings in important places in the Far East like Shanghai, Yokohama, Hongkong and Hankow, have been made to Congress, but have not yet been accepted.

The successful treatment of these fundamental questions of commerce can only be accomplished by a strongly organized department equipped with a sufficient number of men with real ability who are capable of discussing all these problems with the trained experts of the foreign offices of Great Britain, Germany, France and other great commercial nations and of planning policies long in advance of the time when they may be required to be executed. It is hardly to be doubted that the close of the war will see the greatest activity of the competing nations for the control of foreign markets of commerce. We ought to have a body of men studying the subject in its relations to the existing struggle and be ready with well-considered plans of action in respect to treaties, tariff concessions, et cetera, immediately upon the conclusion of treaties of peace.

#### The Part Played by the Department of State

Any plan for the development of agencies for the protection and advancement of our foreign trade should consider the Department of State as well as the Department of Commerce. By its very name the Department of Commerce appeals to business men. He understands it and its field. The Department of State, however, and the part it plays in securing and protecting trade are not generally understood. The State Department, however, is concerned with the fundamental questions absolutely essential to trade, such as preserving cordial relations with other countries, negotiating treaties for rights and concessions, intervening diplomatically on behalf of individuals, and the protection of individuals and firms when calls arise. "The Department of State is not usually understood to be the important factor in trade promotion that it is." Some situations can be dealt with only through the Department of State. For the best good of the service, both Departments should be developed to their fullest extent.



THE WRETCHED QUARTERS OF THE AMERICAN CONSULATE IN THE IMPORTANT CITY OF MUKDEN, MANCHURIA



# How the Organizations Vote on a Referendum

## Methods Used by Member Bodies When the National Chamber Asks Their Vote

THE canvass of business opinion is the most significant and characteristic act of the National Chamber. These pollings of the vote of business are taken whenever a subject of national importance seems to the Chamber to be ripe for an expression of the point of view of business men.

The formulation of business opinion obtained through referendum has been generally accepted as a faithful reflection of what business organizations actually think. The action of any organization upon a referendum, moreover, has been accepted by the National Chamber, when such is taken in accordance with the rules of the organization in question. Nevertheless, there is considerable interest and importance not only to the National Chamber and its constituent members, but to the country at large in the manner in which such organizations and individuals take part in formulating the point of view of the National Chamber.

Organizations will be helped in solving their own problems by learning the methods by which other organizations solve theirs. A more or less detailed description, moreover, of the ways in which commercial bodies take the referenda submitted to them will be useful in demonstrating to governmental authorities and the business world outside the Chamber just how thorough and truly representative such expressions of opinion are.

### The Increasing Care in Voting

Up to the present time, nine referenda have been taken and three are about to be taken among business men. With each referendum there is evidence of more careful consideration by the commercial bodies to which it has been submitted. It is clear, for example, that, more than in any preceding case, the voting organizations in considering the question of a Merchant Marine (Referendum Number 9) have made use of a referendum system of their own in order to secure an expression of opinion from their members upon which to base their vote to be filed with the National Chamber.

In transmitting their votes on different referenda, a number of organizations have sent statements of the manner in which they arrived at their decisions. In order to secure a more nearly complete picture of the methods by which member organizations vote, these member organizations were asked to send to the headquarters of the National Chamber full descriptive information as to their methods.

### Many Divergent Methods Employed

An analysis of the replies received to this request show some interesting divergencies of procedure.

Those bodies whose votes on Referendum Number 9 (that of a Merchant Marine) were regularly taken and recorded by the National Chamber at the time set, employed seven different methods.

Fifteen organizations, 4 national and 11 local (aggregating a membership of about 2,000), arrived at their course of action by submitting the question in regular open meeting, discussing it and voting, in some cases at the annual meeting and in some cases at the next regular meeting. The majority vote of the membership was in most cases the method of passage. Twenty-four other bodies (5 national and 19 local with a total membership of somewhat over 12,000), also voted in open meeting by their full membership, but after the question had been referred to a committee and that committee had reported. A result was obtained by twenty-seven bodies (16 national and 11 local, 12,000 members) through

a vote by ballot of the membership, in some cases the total membership and in others by presidents of constituent organizations in larger bodies. In seventy-one cases (23 national, 48 local, 50,000 members) action was taken by boards of directors, boards of trustees, or the executive council, after discussion. In sixty-two other cases (4 national, 58 local, 61,000 members) such governing or directing boards took action after reference to and report by a committee. In eight cases (3 national, 5 local, 2,200 members) the organization went on record by the vote of its committee authorized to pledge it. In eleven cases (6 national, 5 local, 5,000 members) the executive officers, usually the President and Secretary, or the President alone—in a few cases the National Councillor—cast the vote for the organization.

providing a means for a practical expression of opinion. The referendum pamphlet sent out by the National Chamber was referred to a special committee which in turn prepared a report and submitted recommendations as to voting. This report with recommendations was then sent by mail to the entire membership of the organization. Twelve bodies (5 national and 7 local, with a total membership of 6,200) did this.

The action taken by four organizations does not fall within any of the categories used above. In one, the executive officers cast the ballot, in accordance with suggestions from the National Chamber and after inquiring personally of as many members as possible. Another sent ballots to all members of its industry, whether or not they belonged to the organization.

A large trade organization, the membership of which is composed largely of exporters, took especially careful means of arriving at a decision. Its entire membership was advised in detail of the referendum and requested to make suggestions. On the basis of this information and opinion, the board of managers, consisting of officers and directors, cast its votes, the majority opinion being transmitted to the National Chamber.

In order to create general discussion before final consideration, one chamber of commerce posted details of the referendum in the assembly room of its organization three weeks prior to the vote by its board of directors, and suggestions were requested from the entire membership. In another chamber of commerce the question was referred to a council of the membership, which held consultations with those members interested in and affected by shipping matters. With the information thus gained the council came to an agreement which was submitted to the board of directors for its approval, before transmission to the National Chamber.

### Why Some Bodies Did Not Vote

Fifty-nine organizations did not vote on Referendum Number Nine. It will be interesting to note the reasons alleged for such failure to act.

Thirteen bodies reported that, for various reasons, ranging from the impossibility of getting the membership together to a declaration that the subject was too broad and "involves more study than we can give it to warrant an intelligent vote," they failed to take action.

Three bodies reported that, because of peculiarities of organization, there was no authority to act. Nine characterized this particular referendum as involving questions of a political nature and therefore thought it unwise to vote.

Four more thought the procedure too formidable. Seven delayed action until too late. Seven more announced that there was no interest on the part of the membership, one stating that it preferred to leave such questions to its "able representatives at Washington." Ten declared themselves as opposed to voting on this particular referendum because of lack of sufficient information, and in one case, opposition to all referenda was alleged. Others assigned no reason for failure to act. Of the total number responding to the National Chamber's request for information, sixty-five were national organizations and the rest were local in their field.

### Some Indirect But Real Benefits

The Chamber has received reports of lively and interesting debates in member organizations when the subject has been referred to a meeting of the membership for discussion and determination. Such discussion in which a number of interested business men participated cannot fail to be beneficial in more than one way.

### National Paint, Oil and Varnish Association MAIL VOTE ON A MERCHANT MARINE BALLOT NO. 1

FOR SUBMISSION TO THE  
CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA

This Ballot will be counted only if received at National Headquarters,  
Charles J. Caspar, Secretary, 101 Wood St., Pittsburgh, Pa., on or before  
June 21, 1915

Questions Submitted by the Board of Directors, Chamber of Commerce of the U. S. A.

I DO YOU FAVOR THE GOVERNMENT UNDERTAKING THE PURCHASE, CONSTRUCTION, OR CHARTER OF VESSELS FOR MERCHANT PURPOSES, TOGETHER WITH THE OPERATION OF SUCH VESSELS?

In Favor  
Opposed

II DO YOU FAVOR OWNERSHIP OF MERCHANT VESSELS BY THE GOVERNMENT BUT WITH OPERATION BY PRIVATE PARTIES UNDER LEASE?

In Favor  
Opposed

III DO YOU FAVOR SUBSIDIES FROM THE GOVERNMENT SUFFICIENT TO OFFSET THE DIFFERENCE IN COST BETWEEN OPERATION OF VESSELS UNDER THE AMERICAN FLAG AND OPERATION IN THE SAME TRADES TRADES UNDER FOREIGN FLAG?

In Favor  
Opposed

IV DO YOU FAVOR SUBSIDIES FROM THE GOVERNMENT TO EXTEND REGULAR MAIL AND FREIGHT LINES UNDER THE AMERICAN FLAG TO COUNTRIES IN WHICH THE COMMERCIAL INTERESTS OF THE UNITED STATES ARE IMPORTANT, AND TO AMERICAN DEPENDENCIES?

In Favor  
Opposed

Member of \_\_\_\_\_ Club

Individual Member \_\_\_\_\_

Name of Firm \_\_\_\_\_

By \_\_\_\_\_

### INSTRUCTIONS

Vote IN FAVOR of but one of the above propositions. If opposed to Governmental Ownership, Subsidies or Subventions, members should oppose all of the propositions on this ballot and so mark the same.

If your Club will consider this question and cast its vote, it will be unnecessary for you to register your vote with the National Secretary.

PART OF A BALLOT SENT OUT BY ONE ORGANIZATION

### Some Interesting Ways of Deliberation

The thorough attention given to all referendum questions by the majority of organizations is brought out clearly in some of the detailed statements. A state manufacturers' association in the west referred the question of a merchant marine to its legislative committee, composed of two directors and eight members of the association. A special meeting of the board was called to receive the report of the committee and the services of an expert were obtained to aid the board in its deliberations. A large New England Chamber of Commerce (Boston) is in the habit of referring subjects to its appropriate committees and, in cases where the question is of sufficient general importance, to the entire membership at a special meeting. Another large association refers referendum questions to its special committees, and publishes the detailed question in its organization publication for the benefit of each member. The board of directors also makes its decision known through this means but the membership has power to call a meeting for reconsideration.

Some organizations have adopted a method which would seem to be highly commendable as



THE NATIONAL ASSOCIATION OF COMMERCIAL ORGANIZATION SECRETARIES, WHO CAME TOGETHER AT THEIR FIRST ANNUAL MEETING AT ST. LOUIS.

## Commercial Secretaries in Conference

### The First Annual Meeting of the Organization Secretaries at St. Louis

**T**HE first annual convention of the National Association of Commercial Organization Secretaries met in St. Louis, September 27 to 29, and was attended by about 150 delegates from thirty states. The number of attendance, the excellence of papers and discussions and the interest taken by delegates in the proceedings speak well for the value, and promise much for the future of this organization.

The officers elected for the ensuing year are: President, William George Bruce, of Milwaukee; First Vice President, John Wood, of Roanoke; Second Vice President, James A. McKibben, of Boston; Secretary-Treasurer, Howard Strong, of Minneapolis; directors in addition to the officers: S. Cristy Mead, of New York; W. C. Culkins, of Cincinnati; Hubert F. Miller, of Chicago; O. B. Towne, of Kalamazoo, and Roland B. Woodward, of Rochester.

The next annual meeting will be held in Cleveland, in September, 1916.

While the papers read at St. Louis were of sufficient interest and importance to warrant their being printed in full, and the discussions were scarcely second in interest to the papers, it is impossible to give space to more than salient points brought out in the different papers and discussions. This we have tried to do.

#### Conservation of Committee Energy

S. Cristy Mead, Secretary of the Merchants' Association, of New York, took for his subject, "The Conservation of Committee Energy." He made the point that the Secretary and his paid staff are merely the tools with which the organization is working; that effectiveness in carrying out committee recommendations stimulates committee endeavor, whereas ineffectiveness discourages and destroys it. Committee membership, he stated, should be made up of a preponderance of business men not directly affected by the subject under consideration, although those interested should have minority representation. Jurisdiction should be based on subjects and principles and not on interests, and should be plainly defined so as to avoid conflict.

Mr. Mead favors a continued, indefinite term of committee service in preference to a short, fixed term on the ground that the committee become trained experts in their subject matter and that it preserves continuity of work. He feels that this more than offsets the advantage offered by the short, fixed term in rotating members in committee work, which plan, he observes, does give an active working interest.

As to meetings, he prefers that these be subject to call rather than that they be held at stated, regular times. His argument is that the meeting

called only when matters of importance require attention reduces office work and expense and conserves and stimulates time and energy, whereas the reverse of this is true when committees are required to meet at stated intervals regardless of whether there is anything important to consider. Mr. Mead further advises the choosing of that day and hour for meetings that will be of greatest convenience to members, and holds this also apply to place of meeting when headquarters—where it is would otherwise be preferable that they be held—is not convenient.

#### As to Organization Advertising

The Committee on Organization Advertising, composed of Fred C. Butler, Jamestown, New York, Chairman; Thorndike Deland, Denver, Colorado; A. V. Snell, Charleston, South Carolina; Howard Strong, Minneapolis, Minnesota; and O. B. Towne, Kalamazoo, Michigan, reported a survey showing what commercial organizations are endeavoring to do in the matter of publicity; the report dwelling chiefly on "house organs." Of these 96 were found to be issued by as many organizations, 68 of which were monthlies, 11 weeklies, 7 quarterlies, 3 semi-monthlies, 2 bi-monthlies and 5 issued irregularly. Of the entire number the preponderance carry no advertising, the figures being 61 without and 27 with and 8 unknown.

The report gives statements from many sources, and, concluding, says:

In view of the opinions advanced and the recommendations made by the executives consulted, there is but one conclusion, the house organ has come to stay. It is a logical and necessary complement to a successful community organization. It is a pulse-beat from the association itself, carrying to every part of the body its warning, vivifying influence, dispelling indifference and misunderstanding, awakening enthusiasm and desire, creating a civic vision and bringing to the organization that unanimity of thought and action without which any army is but a mob.

#### Helpful Secretarial Literature

Roland B. Woodward, Secretary of the Chamber of Commerce, of Rochester, New York, read a paper prepared to show the character of reading matter most helpful to secretaries. Answers received to letters sent out indicated a considerable diversity of opinion as to the extent to which reading is helpful in sustaining enthusiasm or arousing inspiration. Mr. Woodward says: "Judging by the responses, the consensus of opinion appears to be that one accidentally happens upon inspiring articles." Some replies indicated the writers' belief that inspiration is inherent and not to be aroused by reading. Some confined themselves to the daily papers. Of those who believed in reading for enthusiasm and inspiration about two-thirds read commercial organization reports, THE NATION'S BUSI-

NESS, and publications devoted to town development and civics.

After the reading of this paper, Mr. Woodward gave out the following notice:

"The conference on 'Helpful Secretarial Literature' (through the courtesy of Professors Jones, Albert and Cherrington) wishes to suggest for the immediate use of secretaries the following books, most of which can be found in any public library:

1. Harrington Emerson, "The Twelve Principles of Efficiency."
2. F. W. Taylor, "The Principles of Scientific Management."
3. F. C. Howe, "The Modern City."
4. Richard T. Ely, "Outlines of Economics."
5. Jenks & Laucks, "The Immigration Problem."
6. H. M. Hurd, "Principles of Real Estate Valuation."
7. T. N. Carver, "Rural Economics."
8. H. A. Toulmin, "The City Manager."
9. Franz Oppenheimer, "The State."
10. Bulletin of Columbia University, Studies in History and Political Science. "Scientific Management."

"The desire of the conference was to suggest a few of the more elementary books with as wide a range as possible, of subjects in which the secretary should have some fundamental knowledge."

#### Figures on Organization Costs

Some very interesting figures have been collected and compiled by George W. Gillette, Secretary of the Chamber of Commerce of Columbus, Ohio, who read a paper on Organization Costs and Results. In data collected in sixty-one cities he finds that the average membership in commercial organizations is 1.5 per cent of population; that the largest membership per cent is 8.5 in Minot, North Dakota.

The average amount contributed per annum by the citizens in support of commercial organization work is 25 cents, but in Alliance, Nebraska, the contribution is \$1, in Minot 98 cents and in Grand Rapids 73 cents.

Fifty cities reported the per cent of total general expenditure devoted to salaries and wages and it was found to average 41, the highest in any case being 80 and the lowest 19. The high figure occurs in a city of about 50,000 and the lowest in a city of 200,000.

Twenty-five cities reported on cost of securing new members, the average being 2.28 per cent of general outlay and the lowest being 0. In 34 organizations reporting the average cost of collecting dues was found to be 2.7, the highest being 15 per cent and the lowest 0.





ANNUAL MEETING IN ST. LOUIS, SEPTEMBER 27-29. ONE HUNDRED AND FIFTY DELEGATES REPRESENTING THIRTY STATES

Forty-one replies were received in answer to the question, "What was the per cent of loss of total income from dues uncollected by you in the latest fiscal year?" The average of these replies is 8.2 per cent, the largest being 20 per cent, and the lowest less than 1-3 of 1 per cent. This last quite remarkable showing was made by the Rochester, New York, Chamber of Commerce.

In order to determine how generally prevalent is the budget plan of estimating expenses in advance, and making appropriations for the conduct of organizations on the basis of such estimate, data was secured from 52 secretaries. Of the organizations represented by them, 28 use the budget plan. Twenty-six report budgets prepared annually, one semi-annually, and one quarterly.

#### Solving Small Town Problems

J. P. Hardy, Secretary of the Commercial Club of Fargo, North Dakota, read a paper on "The Problems of the Commercial Organization in the Town and Small City," compiled from answers to questions asked of commercial organization secretaries. He made the observation, that "the size of the city bears evidently no relationship to the importance it attaches to any one of the accomplishments recorded." Continuing, he said:

The chief task, I believe, of the secretary of a small town organization is largely that of educating his people; to strive to do all that is expected will usually spell failure—the selection of the effort that will produce real good to the community and laying stress on that one effort—in other words, laying out a small program and doing it well and thoroughly, while it may not appease the appetite of the average member during the constructive period of the work will, when the job has been accomplished, yield a greater return than that of the ambitious program that keeps everybody on their toes for awhile and finally lets them down when it fails.

#### The Technique of Administration

Mr. Robert Wadsworth, Secretary of the Youngstown, Ohio, Chamber of Commerce, read a paper on the Technique of Association Administration, the basis of which was answers to questions sent to 150 secretaries. He finds that, usually, the commercial organization has not fol-

lowed a definite program for the year's work, but that, judging from responses received, a program of work, covering at least the major activities, is being introduced in a growing number of organizations. He finds that charts showing organization anatomy are used by less than ten of those whose replies were received, and those mainly from large cities, and that among the organizations not using charts the leading reason seemed to be the fear that the machine and the running of the wheels would play too important a part in the activities of the office staff.

Mr. Wadsworth believes that there is a great

their one responsibility, will act with more deliberation than a president and board of directors, whose tendency is to make and confirm such appointments hastily and from closest associates."

Answers showed that committeemen are selected from general reputation for zeal and adaptability, previous record of committee service and from an expression of desire to serve on a particular committee; but one secretary wrote that his organization "tried the experiment of asking members what committees they would be willing to serve upon, and found that method decidedly unsatisfactory and objectionable."

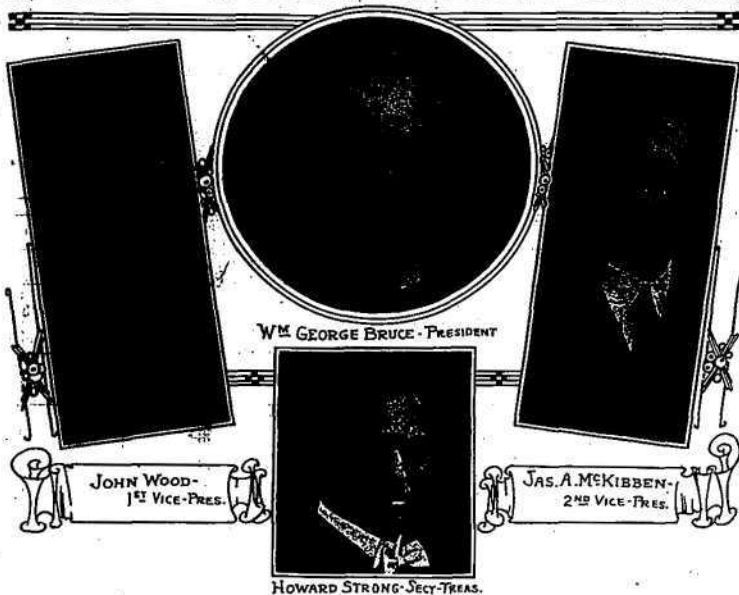
Regarding the size of committees, Mr. Wadsworth said:

The tendency is toward smaller committees; five and seven are commonly mentioned. An interesting tabulation by one secretary shows that the percentage of attendance at meetings is greater in a committee of nine than in committees of any other number. As the size of the committees increases, the attendance percentage decreases. Many are in favor of a committee containing about nine men. If the committee is smaller than that it is not representative, and one man with strong views is apt to control it. When a committee becomes larger, the sense of personal responsibility of each member decreases. If a decision is to be reached on a question which affects many people in different ways, and if there are a number of different points of view to be weighed and considered, the committee should be large enough to make it representative, whatever that size may be.

#### Agriculture and Commercial Organizations

The Committee on Agriculture and Commercial Organizations, composed of W. E. Holmes, Chairman; Bruce Kennedy, of Montgomery, Alabama; Carl J. Baer, of Little Rock, Arkansas; L. B. Dunham, of Cleveland, Ohio, and H. V. Eva, of Duluth, Minnesota, submitted a report in which they said that "very few commercial organizations are so situated that they cannot do a great deal for their cities and communities by an effort to help solve some of the many problems of the producers of farm products."

The report says that in 1914 the people of the state of Alabama spent \$6,000,000 in excess of the total value of the cotton crop, for food stuffs produced in other states. The Chambers of



NEWLY ELECTED OFFICERS OF NATIONAL ASSOCIATION OF COMMERCIAL ORGANIZATION SECRETARIES

advantage in having bills for dues mailed out yearly, and no oftener. In the matter of finances he reports that "the predominant practice is against expenditures except those appropriated in the budget," but that "in spending this committees are customarily given full authority."

Two organizations report having tried the experiment of a Committee on Committees to which the selection of all standing and special committees of the organization is referred, "the theory being that a committee of five, chosen with discrimination, will, in selecting committees for various purposes, have a larger field of acquaintance among the membership, and because it is

Commerce of Birmingham, Montgomery and Mobile, districted the State, started a whirlwind campaign of education, and "farmers of Alabama will feed themselves this year for the first time in the history of the state."

The Committee had sent out a questionnaire and answers to this showed that farm experts were employed by many commercial organizations with gratifying results. Concluding, the report says:

The replies to the questionnaire indicate that there are few subjects connected with agriculture which the up-to-date secretary does not consider worthy of his attention. The replies almost unanimously state that more or less difficulty was encountered in enlisting the interest and cooperation of the farmers, and they also indicate that no commercial organization should attempt very much in the way of agricultural develop-

ment without having the active management of the agricultural organization largely if not entirely in the hands of the farmers.

Many secretaries state that their organizations now have under consideration the formation of farm bureaus, looking toward the agricultural development of their communities. Some organizations have tried and failed, but are not discouraged. That is the experience of the organization represented by the chairman of this committee, who has found enough inspiration in the replies to the questionnaire to carry him confidently into another campaign.

#### Sectional Organizations

John B. Carrington, of San Antonio, Texas; M. R. Babcock, of Dallas, Texas; F. C. Butler, of Jamestown, New York; Howard R. Heydon, of New Jersey; Walter S. Whitten, of Lincoln, Nebraska, and John Wood, of Roanoke, Vir-

ginia, rendered a Committee report on State and Sectional Organizations going very extensively into the subject. The problem confronting these organizations in relation to each other and to local organizations seems to be summed up in the closing lines of the following paragraph:

During the past ten years commercial organization work has shown a decided tendency to expand from the city or town to the district, or state, the section and the nation. A similar influence is traceable also in trade organizations. As a result there has been formed a large number of district organizations of the commercial organization type, many state organizations, a few sectional organizations and a great national organization—the Chamber of Commerce of the United States. As yet, apparently, these sectional and state organizations have not been standardized, and there seems to be no clearly developed system of practice or sharply defined field of activity.

## The National Chamber's New Service Bureau

THE Chamber of Commerce of the United States has organized a bureau of service to trade and commercial organizations to be known as the Organization Service Bureau. The plan for this bureau was submitted to the Board of Directors of the National Association of Commercial Organization Secretaries, and by them submitted to the members at the annual convention in St. Louis, September 27, 28 and 29, where it was unanimously endorsed.

The following week the plan was submitted and approved by the Board of Directors of the National Chamber in session in Cleveland, Ohio.

#### The Bureau Chief

The work of organizing and conducting the bureau has been entrusted to Colvin B. Brown, who resigned from the Panama Pacific International Exposition, in order to accept the appointment as the Bureau's chief. Mr. Brown has been successively a newspaper man and a chamber of commerce secretary. He was New York manager of the Associated Commercial Organizations of California, Chief of the Department of Domestic Exploitation, for the San Francisco Exposition and later, in its interest, was sent to Europe as United States Commissioner. During the past five years, besides foreign countries, he has visited every State in the Union, many of them several times.

#### Reason for Bureau

The reasons for the creation of an Organization Service Bureau were a provision in the by-laws of the National Chamber and a demand for a service that would meet a recognized need.

Article One of the By-laws of the Chamber of Commerce of the United States, in setting forth the purposes for which the Chamber was organized, states that one of such purposes is "promoting cooperation between chambers of commerce, boards of trade and other commercial and manufacturers' organizations of the United States, increasing their efficiency and extending their usefulness."

#### The Demand for Such a Bureau

It was recognized by those who drafted the by-laws and by the membership adopting them that there was need of some central body through which information regarding the best structural standards and effective methods of commercial organizations could be cleared, so that experience beneficial to one member might become the property of all.

The demand for such a clearing house of information has been insistent and continuous on the part of the organization membership, which realizes that the character and strength of the National Chamber will, to a very great degree, depend upon the character and strength of its units, and that for it to help the commercial organizations of the country to become effective, will not only benefit them individually and directly but that, in the aggregate, it will prove to be a service of value to the nation.

#### The Source of Information

An extensive library of several thousand commercial organizations' reports and by-laws, periodicals dealing with civic affairs and trade, periodicals issued by commercial and trade organizations, newspaper clippings, and files of correspondence, all accumulated since the organ-

ization of the National Chamber, has been placed at the disposal of the Organization Service Bureau.

#### Tabulating Information

These publications, together with daily acquisitions of a similar nature, will be studied and tabulated, and files will be kept under appropriate headings of anything having to do with the increasing number and variety of activities with which trade and commercial organizations are called upon to deal.

#### Inquirers Informed

All the information collected is for the use and guidance of organization members. It is not purposed at present, if at all, to attempt to declare what is the best form of organization or the best method to pursue in any one line of commercial or trade organization activity; but it is purposed to be able promptly to furnish inquiring members with full information regarding experience and results with the various methods employed in the range of commercial organization activities; so that the inquirer may be informed, wherever that may be possible, regarding methods that have failed as well as methods that have succeeded, and why they have failed or succeeded.

#### Questionnaires for Organization Interest

It is also purposed to send out questionnaires at intervals regarding matters of interest. It is well understood that questionnaires directed by one organization to many others have not served the purpose they should, because of the unwillingness of the many to give time and attention to a question asked by and for the use of the one.

The questionnaires sent out by the Organization Service Bureau of the National Chamber will only issue after careful consideration and the results will be carefully tabulated and distributed to organization members. As this method comes to prove its value it will be used to a greater extent. Such extent, however, will depend largely upon demand from members, as these will be best able to judge of its value to them, and it is not purposed to call upon members to give time and service except where they themselves feel it to be justified. In this connection, it is believed that most, if not all, of the questionnaires emanating from the bureau will issue as a result of a demand by the members of the Chamber themselves.

#### Visiting Organizations

It is not proposed that the Organization Service Bureau shall inform itself solely through study of reports, by-laws, official publications, correspondence and questionnaires. In addition to these, the Chief of the Division will visit organizations which may make distinctive achievements so that he may be informed at first hand and be better equipped to prepare the information for distribution to all the organization members.

#### Disseminating Information

Beginning with the October issue of THE NATION'S BUSINESS and continuing in each issue thereafter, several pages will be devoted to commercial and trade organization activities. This department of the organization will deal chiefly with such matters as may be of general rather

than special interest, and correspondence will be invited from those who may have ideas to express or achievements to record, the department editor selecting therefrom such material as he may consider of general value.

#### A New Bulletin Service

In addition to and apart from space in THE NATION'S BUSINESS a special bulletin will be periodically issued to commercial secretaries. This bulletin will go to secretaries only, and will contain such information as may be considered of special interest to them in their work. It will be a bulletin of information of the kind that contains suggestive ideas.

#### Standardization

In the course of time it is hoped to achieve, to as great an extent as may be practical, a standardization of practices that have been thoroughly tested and proven to be effective.

What these standard practices are will be made known to the field force of the Organization Service Division and by them made known to the members.

#### Other Opportunities for Service

The Organization Service Division is what the name implies. It has been organized to give service of value to the organization members of the National Chamber, and opportunities for service, other than those enumerated, will undoubtedly arise.

#### What Is Not Proposed

It is not proposed to advise members any further than knowledge and experience go. It is not proposed to enter the field of community promotion, or in any way to compete with factors specializing in such work; but it is proposed to give as fully as may be possible, the various experiences met with by the many organizations regarding every form of activity, concerning which there may be inquiry.

The work of the Service Bureau may be outlined under two general heads:

1. The acquiring of information.
2. The distribution of information.

#### The acquiring of information will be:

1. Through a study of documents in the library and as received.
2. Through questionnaires.
3. Through correspondence.
4. Through reports of field men.
5. Through personal visits of the Chief.

#### The distribution of information will be:

1. Through THE NATION'S BUSINESS.
2. Through bulletins to Secretaries only.
3. Through letters in answer to queries.
4. Through visits by field men and the Chief of the Division.

The information obtained and to be obtained by the division will be tabulated and filed under its general heads and subheads and will embrace every form of activity.

#### An Advisory Committee

It is proposed to appoint a special advisory committee to work with the organization service bureau in the detailed development of its plans.

# Why Do We Need A Tariff Commission?

## President Jordan, Stanford University

*Editor of THE NATION'S BUSINESS*—I have been for years strongly in favor of a permanent Tariff Commission. I am very glad to respond to your request for an opinion on this vital topic. I believe that the definite plan for this Commission proposed by the Chamber of Commerce of the United States of America, as mentioned by yourself, seems to cover the ground very fully, and as at present advised, I should be entirely in favor of the proposition as now suggested by you.



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DAVID STARR JORDAN.  
Stanford, Cal.

## Progressive Party National Chairman

There is only one efficient, safe, and honorable way to protect our American industries, with equal fairness to our people and the people of Europe; and that is through the establishment of a permanent, expert, non-partisan Tariff Commission; a commission that will give us a tariff that is not necessarily high nor low nor political, but one that is based on the actual demonstrated needs of each and every industry that is affected by the tariff.

GEORGE W. PERKINS  
New York.



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## Chairman President Taft's Tariff Board

*Editor of THE NATION'S BUSINESS*—I am an enthusiast for the proposition which has now received the nearly unanimous support of the members of the Chamber of Commerce of the United States. Such support is in the highest degree important, as the proposed plan should be made primarily a business proposition rather than a political one.

I feel confident that patient, intelligent and continuous study of the intricate factors of rates, costs, prices, output, exports, imports and all the business factors affected by the tariff will ultimately give a solid basis of knowledge for more intelligent legislation.

These things now appear certain. First, even if complete information is impossible, the securing of a large amount of information adequate for intelligent action is entirely practicable. Much light can be thrown on the problem and every bit of added light is so much gain. Secondly, if the permanence of a commission is secured and its work kept efficiently up to date, its findings cannot be permanently ignored. Third, the only persons who can lose by the placing of such knowledge at the disposal of the



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government, of the business world and of the public at large, are those who are interested either politically or financially in keeping the intricacies of tariff operations as confused and mysterious as possible.

HENRY C. EMERY.  
Ellsworth, Maine.

## Senator Underwood, Alabama

*Editor of THE NATION'S BUSINESS*—The Congress cannot be too well informed on questions relating to tariff legislation, and all reliable information that is properly tabulated and presented to the committees of Congress who are drafting tariff bills affecting the customs revenues would undoubtedly be of benefit. I do not see that your proposal, though, will accomplish any more in the way of securing information for the Congress than the law that is now on the statute books establishing the Bureau of Foreign and Domestic Commerce, in the Department of Commerce, and the only result of establishing a new tariff commission would be to provide some high priced positions for a few men and probably make an unnecessary charge upon the Treasury, as the ultimate result would be a mere duplication of information that is now obtainable or can be obtainable through established governmental channels. These are my views on the subject.



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Birmingham, Ala.

O. W. UNDERWOOD.

## Senator Newlands, Nevada

*Editor of THE NATION'S BUSINESS*—Is it not possible to make tariff regulation a science by providing for a Tariff Commission with powers similar to those enjoyed by the railroad commission, taking the present tariff as the basis of action, just as Congress took the existing railroad rates as the basis of the railroad commission's action, and then giving the tariff commission the power, after hearings initiated by the complaints of shippers or by the commission itself, to condemn a rate of duty as unreasonably high and to substitute a reasonable duty therefor, pursuant to the rule prescribed by Congress, giving to such tariff commission, also, full powers of examination, investigation of costs of production at home and abroad and make recommendation to Congress, regarding free and dutiable lists? I believe that party jockeying upon this subject should end; that we should treat it as an economic problem, and should address ourselves to the practical question of reducing the duties that are excessively high under the standard fixed by the party in power, whatever that party may be.

FRANCIS G. NEWLANDS.  
Reno, Nevada.



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## Senator Sutherland, Utah

*Editor of THE NATION'S BUSINESS*—Replying to your request for information as to how I stand on the subject of a Tariff Commission, I am glad to state that I have for a long time been in favor of a permanent Tariff Commission, having the powers and constituted substantially in accordance with the plan which has been approved by the National Chamber of Commerce. You may put me down as decidedly in favor of it.

GEORGE SUTHERLAND.  
Salt Lake City, Utah.



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## President Wheeler, University of California

*Editor of THE NATION'S BUSINESS*—I certainly am in favor of a permanent Tariff Commission. The tariff is not yet fully out of politics, and I do not know as it ever will be, but its details are, or ought to be, entirely out of politics. All that parties now can do with safety is to outline the general policy and principle which they would involve in their tariff measures. We certainly must have a Tariff Commission, if only to collect and order the facts which must be taken into account by any Congress that undertakes changes in the tariff.



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## Representative Longworth, Ohio

*Editor of THE NATION'S BUSINESS*—The propositions for which the members of the National Chamber of Commerce voted in their referendum are all contained in the bill I introduced in Congress some years ago to establish a permanent Tariff Commission. I was heartily in favor of it then. I am just as much for it now as I was then. You can certainly put me down as for a Tariff Commission.

NICHOLAS LONGWORTH.  
Washington.



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## Treasurer National Tariff Commission Association

*Editor of THE NATION'S BUSINESS*—The tariff policy of the nation is a political issue, to be determined by the people at the polls; and to be executed by their representatives in Congress. The intelligent adjustment of the tariff schedules to the policy so determined, however, is a question of facts, figures and statistics, of infinite complexity and of vast scope. The information thus implied relates to industry of every kind, is intensely technical in its detail, and can only intelligently be gathered and digested by trained experts. The proposed Tariff Commission would be a technical body, organized for this purpose.

Each of the other great industrial nations have long availed themselves of this method, with the result that their tariff schedules are scientifically adjusted to industrial conditions and are rarely changed except to conform to changes of political policy, whereas in this country tariff schedules have been the foothall of politics.

The movement for a Permanent Tariff Commission is non-partisan and non-political. It rests on a perception of the cruelty of the old method of adjusting the tariff schedules and on a desire to substitute a method which is modern, scientific and just to all interested. It must succeed.



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HENRY R. TOWNE.  
New York.



# A National Budget and Why We Need It

## The Growing Testimony to the Need for a National System of Accounting

**B**UDGETS are not merely affairs of arithmetic," says Lord Morley, in his "Gladstone," but, "in a thousand ways go to the root of prosperity of individuals, the relation of classes, and the strength of kingdoms."

The word budget, to begin at the beginning, comes from the French *bougette*, a little bag. While the word budget was introduced from the French, the constitutional principle to which it applies was English. In the British Parliament the word has been applied to the great leather bag which for many years contained the documents presented to the Commons to explain the resources and wants of the country. It is, in brief, an account of the finances of a state, or, by analogy, of some smaller body presented at a definite time by the responsible minister to the National legislature.



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FORMER PRESIDENT TAFT, AN ARDENT ADVOCATE OF THE BUDGET SYSTEM.

"The subject of a budget is one of fundamental importance to the people, the Executive and the Congress."

### What a National Budget Actually Is

The idea of a National Budget is simplicity itself. Shorn of its technical economic terms, it means that the monarch, premier, or president and his cabinet shall answer to themselves and to the country three simple questions regarding the business of the nation:

- 1.—How much money will be needed for the conduct of the government during the next fiscal year?
- 2.—What money is on hand? From what source is more expected?
- 3.—What shall be the amount appropriated to each function of government?

There is nothing mysterious about a budget. It can be stated just as simply as in the preceding phrases and, when thus stated, any business man, no matter how small his affairs; every farmer who plans ahead; every man in any way charged with the care of funds for others will at once perceive that a National Budget must be desired and sought by all citizens who wish to have business-like methods applied to the one big business of the nation—its government. Furthermore, they will perceive that, if a little business needs system, a big business involving upwards of \$2,000,000,000 expenditures a year, needs it still more.

In practically every country of the world except our own the national appropriations and expenditures are considered at one time by a method closely approximating, at least, that of a budget.

### An Analysis, According to the Experts

All government expenditures must ultimately be met by revenue. All nations with responsible ministries provide revenue to meet the expenditures of their respective governments by means of budgets. The finance minister usually prepares estimates in summary and in detail of the needed expenditure. These at the proper time he submits to the legislative body together with estimates, also in summary and detail, of revenue. A balance is then struck by the remission of old or the imposition of new taxes according as there is a surplus or a deficit in the figures of the preceding year. This balance of revenue against expenditure, the central feature of any budget, is the primary necessity in all national finance.

A budget according to Doctor F. A. Cleveland, chairman of President Taft's Commission on Economy and Efficiency, and former director of the New York Bureau of Municipal Research, "if it means anything as an instrument of control over the finances in representative

governments, must have two essentials: (1) it must be in itself a complete financial plan and presented in such form that people can think about it in making decisions about the next year's business arrangements; (2) it must be submitted by some one who is responsible for the financial policy of the government or institution."

### How the Demand for a Budget Has Grown

The United States has never had a National Budget in its strict sense. This has been largely due to the indirect source of our revenue. Our national revenue has not been dependent, as in the countries of the old world, upon the re-



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PRESIDENT WILSON IS A SUPPORTER OF THE NATIONAL BUDGET PLAN.

"Ever since I was a youngster I have been deeply interested in our methods of financial legislation. Ever since then I have insisted upon the absolute necessity of a carefully considered and wisely planned budget, and one of the objects I shall have most in mind when I get to Washington will be conferences with my legislative colleagues there with a view to bringing some budget system into existence. This business of building up the expense of the nation piece by piece will certainly lead us to error and perhaps embarrassment."

—(In a Letter to Senator Tillman, Jan. 30, 1913)

quirements for expenditure with corresponding direct taxation. Therefore with our growing wealth we have year after year been becoming more and more extravagant and have failed to realize the necessity for the more business-like financial methods of other countries.

The demand for a systematic accounting of our national revenues and expenditures has grown rapidly. The National Chamber has consistently stood for the principle of the budget. Its first referendum (sent out on November 30, 1912) was approved almost unanimously by its members. Since that time the Chamber, has consistently and upon all appropriate occasions advocated the adoption of a National Budget. From time to time THE NATION'S BUSINESS has published articles on the subject together with opinions by eminent public men in favor of it. As we pointed out in these pages last month, President Wilson

has already stated to a committee of the National Chamber, who conferred with him late in May on the subject, that he expects the matter will be thoroughly discussed at the coming session of Congress.

### How a Budget Makes an Accounting Possible

An excellent, concise, yet comprehensive, statement of what a National Budget is and why it is desirable is made in a letter to THE NATION'S BUSINESS from a well known firm of certified public accountants\*, which we give here:

"The Budget System, as a means of more scientifically apportioning the responsibility for initiating estimates of requirements, and for the better administration and control of expenditures, is not a new and untried thing—it has been in successful use in a number of European countries for many years, notably in Great Britain. But if it had never been tried by others, its simplicity, as compared with the cumbersome methods employed in this country, must appeal to the logical sense of a nation of business men, and we strongly favor the movement toward its adoption by the National Government."

"A national Budget System involves the preparation by or under the direction of the Executive, of a complete working financial plan for the ensuing fiscal year, for submission to Congress for action. The plan or budget should contain complete estimates of revenues and expenditures, and statements of actual and estimated financial condition."

"The advantages of having the Executive originate and submit a well-considered plan, rather than to leave the whole matter to the haphazard methods of irresponsible and unrelated appropriation committees, are readily apparent. This feature alone, eliminating as it will many thousands of appropriations for political but unnecessary purposes, should be reason enough for the adoption of the Budget System. But there are other excellent features. The Executive, having submitted the plan, is committed to its proper administration, and by thus concentrating the administration of financial affairs, an excellent opportunity is afforded for effecting economies, by standardizing similar expenditures, in different departments, not only for the purchases of all kinds of supplies, but for the various classes of service performed."

"It naturally follows that, for a proper administration of the financial affairs, adequate accounts must be kept of the matters dealt with in the budget, in order that necessary information may be furnished the Executive promptly, and if the demands of economy and efficiency were met, they should be of uniform character. The productive results of the activities of the various departments should be recorded in cost accounts, and the means thus be afforded the administration of determining the relative degree of efficiency attained."

"We are in favor of the Budget System, not only for the National Government, but also for states and municipalities, to which its principles could be applied with like benefits; and it is gratifying that the Constitutional Convention of the State of New York has adopted an article providing for a Budget to be prepared by the Governor."

\*Haskins and Sells of New York.



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REPRESENTATIVE FITZGERALD, CHAIRMAN OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

### Why the United States Has Not Had a Budget

A scientific summary of expenditures and revenues, in short, a National Budget, has been heretofore difficult, if not practically impossible, in the United States because, in the first place, the President, as executive head of the nation's business, has not been made directly responsible to the nation itself for the efficiency of the departments under him; second, because heads of departments and establishments report estimates direct to Congress through the Secretary of the Treasury, which are thereupon assigned to nine different committees; third, because appropriation bills are not considered as related to each other or to the entire amount of anticipated public income; fourth, because minor officials in departments can approach committees direct for special favors for bureaus or for special legislation in an appropriation bill.

#### President Taft's Commission on Efficiency

In June, 1912, President Taft, who had expressed his determination to bring about the introduction of the budget system into the national government, transmitted to Congress the report of a commission appointed by him on economy and efficiency, accompanied by a message in which he approved the recommendations of the report and in addition urged upon Congress the enactment of legislation necessary to put the budget plan into effect. In substance the budget plan consisted of (a) a budgetary message setting forth briefly the significance of the proposals; (b) a summary of the financial statement including (1) the financial account of the country, (2) the condition of appropriations, (3) an account of the revenues and expenditures for the last completed fiscal year, and (4) a statement showing the effect of past financial policy as well as of the budget proposals; (c) a summary of expenditures classified by objects; (d) a summary of estimates (revenues and expenditures); (e) a summary of changes in law setting forth what legislation it is thought should be enacted in order to enable the administration to transact public business with greater economy and efficiency. The substance of the President's message besides other data pertaining to the subject was submitted to the members of the National Chamber in the referendum pamphlet.

#### The Arguments For and Against a Budget

The arguments in favor of a National Budget are implied in the preceding paragraphs. They may be summed up in the statement made by a prominent banker of New York, at a recent meeting of the Academy of Political Science. He said:

"When the president of a large business corporation goes before the annual meeting of his stockholders or directors, he makes a statement of the assets, the liabilities, the surplus and the profits of the year. The figures are so displayed that they tell their own story and show the results of the year's operations. He states what his plans

are for the next year's work; whether he wishes to expand or contract the business; what he wishes to spend in permanent improvements; what new capital he needs, and how he proposes to raise it. He is ready to answer questions and to explain his plans and policies. That statement is his 'budget'. If approved, it becomes his program for the next year's work.

"If the natural, businesslike relation which exists between the head of a private business and his directors and stockholders can be created between the governor and the legislature, and if this relation can be defined in the constitution of the state, a budget system will certainly be the logical outcome. At the present time our federal, state and municipal charters and constitutions have surrounded government executives with fantastic regulations which, if applied in private business, would certainly wreck any enterprise dependent for its existence on yearly profits."

It is argued, in opposition, that the submission of a budget by the Executive would constitute an interference by the Executive with the prerogatives of the legislative branch of the government—the sole power to raise and appropriate money is constitutionally inherent in Congress; that the budget plan is suited only to countries in which there exists a responsible ministry; and that Congress having exclusive power to raise revenue and appropriate money already performs the necessary functions and a budget would be a duplication of the work.

#### The Thorough Way New York State Took Up the Subject

The whole subject of a budget, pro and con, received extended and illuminating discussion at the New York State Constitutional Convention during the past summer and resulted in the adoption by the Empire State of a budget system. In the summary of "objections and answers" in the report of the Committee on Finance, under the chairmanship of Hon. Henry L. Stimson (a portion of a letter from whom was quoted in these pages last month) we find the following:

"To answer the criticism that a budget system is novel and un-American, it is only sufficient to recall the facts that this procedure was practised by the first national administration of the United States under President Washington and his cabinet; that it has been introduced by an American Congress into the governments now in force in Porto Rico and the Philippine Islands; that it is a system in practice before the local legislatures of many of the largest cities of this state (New York); and that it was strongly advocated by Justice Story in his Commentaries on the Constitution; and that it has since been earnestly recommended by a long line of American statesmen including Presidents Taft and Wilson, and Senators Pendleton, Blaine, Ingalls, Allison, Platt and Root. A practice recommended by such precedents and such authorities cannot be justly criticised as un-American."

The hearings before the Finance Committee of the New York State Constitutional Convention, included testimony by such eminent authorities as Dr. Frederick A. Cleveland, Hon. John J. Fitzgerald, chairman of the House Committee on Appropriations during two sessions of Congress and chiefly in charge of the making of four National Budgets (insofar as a budget exists in our government); former President Taft, Dr. Frank J. Goodnow, president of Johns Hopkins University and Constitutional Advisor to the Republic of China; Dr. A. Lawrence Lowell, president of Harvard University; Hon. John G. Saxe, former senator, who introduced the amendment afterwards adopted for a budget system; Hon. Henry L. Stimson, President Taft's Secretary of War, and chairman of the Committee on Finance.

Mr. Taft good humoredly recounted his difficulties in securing the establishment of the Economy and Efficiency Commission and maintained his adherence to the budget idea. Doctor Goodnow and Doctor Lowell both explained the advantages and strong points of the English budget system. Professor Beard wrote the introduction to the study of the budget made up of these discussions which appears in the monthly journal of the New York Bureau of Municipal Research. He refers to this discussion before the New York Constitutional Convention as "a most significant event in the annals of American constitution making."

### Assistant Secretary of the Treasury

Editor of THE NATION'S BUSINESS:—The financial methods of the Federal Government

must be reorganized. The present manner of making appropriations can never be made a part of an efficient system for handling the finances of our Government. One of the greatest weaknesses of democracy is lack of responsibility and tendency to extravagant and ill-advised expenditures. We now are seeking greater efficiency in all our daily problems and the government needs particularly to have a body whose responsibility it shall be to consider the sources of revenue and estimate them for a result, and then itself to set a limit on the appropriations which shall be available from the estimated income to be received. The ever increasing expenditures of the Government make most urgent demand for a budget committee.



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ANDREW J. PETERS.

Washington, D. C.

#### Congressman Fitzgerald on Scientific Financing

Congressman Fitzgerald, who had formerly expressed himself as opposed to the budget idea, gave testimony which showed that the value of the principle has made a strong appeal to him. He testified to the waste of the present methods and declared that if he had his say he would concentrate responsibilities and power in the Executive—and "I have had experience with Executives."

Mr. Fitzgerald, who has been a member of the House of Representatives for sixteen years, and for ten years a member of the Committee on Appropriations which handles fifty per cent of all the appropriations of the federal government, spoke of the Sundry Civil Appropriation bill as illustrating the necessity for some more scientific system of handling the government's finances. If such system had been maintained, said Mr. Fitzgerald, "without any trouble at all, if there were only half a chance, in the sixteen years I have been in Congress, the government could have been as well conducted for from fifty to one hundred million dollars less a year than it has been conducted for," and "I defy any man that ever lived to show that in a single solitary iota the business of the government would have been in any way injured or any public service hindered or damaged." In advocating making the Executive responsible, Mr. Fitzgerald said, "if in some way he [the Executive] could be compelled to realize that at a certain time he must make up his mind what the important and desirable things are and after that period he has to defer suggestions for another year—men will be keener to get before him everything that is essential." Upon many occasions, Mr. Fitzgerald pointed out, "if the House of Representatives and the Senate had been operating under the provision that they could not have included, except by a two-thirds vote, an item that had not been included by the Executive, there would have been a very great difference in expenditures."

#### "First Sift Financial Proposals"

Mr. Fitzgerald said: "Much better results would be obtained in national finances if the individual members in the two houses could not initiate expenditures by increasing the amount proposed by the Executive or by proposing expenditures that the Executive did not wish." He would not make this absolutely impossible, but so difficult that it could be done only "under the most peculiar and extraordinary circumstances." In general, said Mr. Fitzgerald, if there were some "competent, independent corps which would first sift various financial proposals and collate information about them as would be valuable, it would be of immense help."

### Senator Lee, Maryland

Editor of THE NATION'S BUSINESS:—In a recent primary election for the nomination of governor in Maryland, all candidates, including those of both parties, announced themselves as generally in favor of a budget system, though, naturally, there was some difference of opinion in reference to the detail of any such legislation. I was one of the candidates above mentioned and therefore expressed myself in favor of a budget system. The question of a budget necessarily came up in Maryland because of the deficit in the finances of the state—the appropriations for the fiscal year having exceeded the income by about \$1,500,000.



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BLAIR LEE.

Washington, D. C.



THE LATEST IMPROVEMENT IN THE RURAL FREE DELIVERY—THE INTRODUCTION OF THE AUTOMOBILE

## The Auto, the R. F. D. and the Business Man

**A**UTOMOBILES are not a new thing and, in introducing them in the Rural Free Delivery, the Postmaster General is trailing way behind modern business—even behind the up-to-date farmer. The automobile, furthermore, has not supplanted the familiar box-like horse-drawn rural carrier's conveyance upon anything like 25,000 of the 44,000 R. F. D. routes now in existence, and will not for some time to come. Finally, if 25,000 wagon routes were transformed into 12,500 auto routes, 12,500 carriers would not lose their places, even if such are the popular misapprehensions.

These figures are chosen because they give a maximum estimate of the number of routes now served by horse and wagon which, within the reasonably near future, could be served for eight or nine months of the year by automobile. That is to say, in round numbers, there are 25,000 carriers driving the more or less serviceable Dobbin over from 20 to 28 miles of country road six days a week whose work could be done by 12,500 auto drivers using 12,500 light, cheap cars. The automobile will do from 50 to 60 miles daily and the horse, on the average, less than 25. The cost of serving two wagon routes by one auto, including car, maintenance and carrier's salary amounts to from two-thirds to three-fourths that of serving the two routes by two carriers, wagons, and horses.

Every effort is made to retain experienced and efficient carriers. By request of the Postmaster General, the Civil Service Commission has granted a three per cent credit to the present carriers who take examination for permanent places in the automobile service. Other vacancies are being filled almost altogether by the appointment of carriers whose former routes have been abolished by the pending readjustment.

### One Feature of a Program of Economy

The appropriation for Rural Free Delivery during the current fiscal year (continued from last year by resolution of Congress) is \$53,000,000. It pays in return about half this sum, thus causing a loss to the Government variously estimated from \$25,000,000 to \$30,000,000. These facts should be borne in mind in any discussion of improvement in the service.

Despite politics and other factors, among them the natural tendency of a large organization like that of the Postal Service to stick to old ways, Postmaster General Burleson went ahead to reform the R. F. D.—to introduce the auto where desirable, to eliminate duplications of service, to cut out what are called "retraces" and so on. The motor service forms but one feature of a large program which promises to transform rural delivery into at least somewhat less of a loser for Uncle Sam than it has been. For the year beginning July 1 next, the Postmaster General will ask Congress for an appropriation of only \$49,000,000 to maintain the R. F. D.

### What Postal Auto Service Means to the Business Man

Postal auto service is of special value to business and business men. Economies of time are effected. The machine has from four to five times the carrying capacity of the wagon; and

the "reach" of the R. F. D. system is a little more than doubled. Formerly the carrier would go from his post office 12 to 14 miles out into the surrounding tributary country and return. Now, road conditions permitting, he may go from 25 to 30 miles out and back.

### Some Features of the Readjustment

The auto is being introduced only in localities where road and weather conditions will admit of using gas-driven vehicles at least eight months of the year, preferably nine. If it appears probable that the automobile can be relied upon only for eight or nine months upon a proposed route, the maximum of \$1,800 is allotted to that route. The higher pay covers the cost to the carrier of providing auxiliary service during the period when the automobile is out of commission. If the machine can be used the year round and necessity of auxiliary service does not appear to exist, the minimum of \$1,500 is allowed.

For the new rural service, the carrier is asked to furnish a modern power vehicle with a carrying capacity of not less than 800 pounds and with a cubic capacity of not less than 80 feet. The small cheap cars of standard makes nearly all meet these requirements. Already specifications of a standard mail motor vehicle have been provided. It will follow closely the design of light collection and delivery vehicles used in city collection and delivery service. Mr. Burleson is trying to secure favorable terms of purchase for the carriers, including net agents' prices and installment payments.

### The Routes So Far Established

The following table shows the number of automobile rural routes authorized or established at the present time.

STATE	Effective July 1	Effective Aug. 2	Effective Sept. 1	Effective Oct. 1	Total
Arkansas	..	..	1	..	1
Oklahoma	..	88	16	..	104
California	..	24	2	..	26
Georgia	..	64	30	5	99
Colorado	..	1	1	..	2
Delaware	..	..	1	..	1
Pennsylvania	2	..	13	..	15
Kansas	..	3	..	..	3
Louisiana	..	1	..	..	1
Mississippi	..	13	2	..	15
Florida	..	14	2	..	16
Texas	..	14	2	..	16
Indiana	..	..	14	..	14
Iowa	..	..	36	..	36
<b>TOTAL</b>	<b>2</b>	<b>208</b>	<b>120</b>	<b>5</b>	<b>335</b>

### The New Service and the Parcel Post

Such is the start made towards the expansion and improvement of the general mail service in the rural districts by use of modern transportation facilities. The routes thus far authorized emanate from the larger country towns, serve thickly populated and well developed farming areas and are strictly R. F. D. service. However, it is both legal and practicable to make rural delivery an adjunct of city delivery near the larger cities and thus add a fast suburban express service to the present mail facilities of the more congested communities. Experimental steps in this direction are about to be taken. Served thus, suburban towns and rich truck growing districts within twenty-five miles of the great cities will get the "local" instead of the "first zone" parcel rate.

## The Remarkable Shipping Figures of 1915

**A** preliminary statement of the total merchant shipping of the United States in trade on June 30, 1915, appeared in the *Commerce Reports* of the Department of Commerce for September 11, after the September number of *THE NATION'S BUSINESS* had gone to press. There were 26,577 vessels of 8,319,486 tons, an increase of 390,798 tons over 1914 but a decrease amounting to 366 in the total number of vessels.

Revised figures are now available which indicate that the loss in number of vessels is considerably less, only 242, while the gain in tonnage is even greater than previously indicated, amounting to 460,741 tons. The increase in tonnage in itself is interesting in view of the fact that 140 vessels totalling 513,000 tons were actually added during the year, not by building in American shipyards, but by transfer of foreign ships to the American flag under the Ship Registry Act of August, 1914, frequently referred to as the Emergency Act. Without these foreign built ships there would have been an actual decrease in tonnage.

But the decrease in number of vessels is more striking whatever may be its importance. Two hundred and forty-two vessels is a large number to charge on the debit side for the year, particularly with the substantial addition made by transfer from foreign flags. But, striking as the figures are, they have a practical explanation. First of all, while there were 1157 vessels built during the year, 304 vessels were lost, and 972 abandoned, a loss of 1276. In 1913 there were 1475 vessels built and only 250 lost, and 569 abandoned. So in 1914, while only 1151 vessels were built, on the other hand 316 were lost and only 712 abandoned. Thus, if we go through the figures for the last four or five years, two interesting features develop:—first, 1915 was not a prime year in shipbuilding, second, a maximum number of vessels were abandoned. In other words, one of the explanations of the decreased number of vessels in trade at the end of the fiscal year of 1915 was moderate building and an increased number of old vessels laid up and withdrawn from trade because they were out of date.

This latter feature is an encouraging one and suggests what is the fact all over the shipping world. The number of ships in the world of 100 tons and over, according to Lloyd's, has actually decreased materially since 1890 while their total tonnage on the other hand has more than doubled. The figures for 1890 are 32,298 vessels against 30,836 for 1914, but the tonnage of 22,151,651 tons in 1890, had become 49,089,552 in 1914.

Additional causes intervened to militate against an increase for 1915. For example although 140 foreign vessels were transferred to the American flag 77 American vessels were transferred to foreign flags. A definite decline of importance came from 195 vessels going to inland state waters where they are not reckoned as part of the merchant marine. The details are perfectly clear from a study of the following figures:—

Added to Merchant Marine		
	No.	Tonnage.
Built	1,157	225,122
Transferred from foreign flag	140	513,306
Renationalized	3	310
Purchased from United States	5	1,417
Rebuilt	506	151,059
Redocumented	117	8,935
From Yachting	67	3,332
Trade changed	2,268	3,073,218
<b>Total</b>	<b>4,263</b>	<b>3,977,510</b>
Withdrawn		
	No.	Tonnage.
Lost	304	132,382
Abandoned	972	79,047
Sold aliens	77	18,595
Sold to United States	6	12,273
Exempt Act 1874	195	45,942
Net under 5 tons	55	452
Rebuilt	506	152,016
To Yachting	115	2,532
Trade changed	2,268	3,073,218
Sold to State	2	206
To inland waters	5	106
<b>Total</b>	<b>4,505</b>	<b>3,516,769</b>

From data prepared at the Post Office Department with the approval of the Postmaster General.



# How Great Universities May Assist Business

## Industrial Research and the Annual Meeting Discussed by the Board of Directors

**I**N an effort to ascertain to what extent the large universities may cooperate with the representative business establishments of the country in the matter of industrial research, the directors of the Chamber of Commerce of the United States, in session at Cleveland, October 5 and 6, voted that the questions involved be referred to the Committee on Education or to a special committee. It was further ordered that the subject be taken up with educational institutions for the purpose of ascertaining the extent to which these institutions may be interested.

In presenting the subject Director W. M. McCormick, of Baltimore, reminded his hearers that in this country, we have permitted each field of industry, each line of education and the national government to pursue alone its course of research. The results obtained have been quite independent of each other. In other countries, Mr. McCormick pointed out, these great factors have worked together along coordinated lines to produce economic advantages to business and educational and social benefits of the greatest value to the people as a whole.

### A Plea for University Cooperation

Large industries such as glass making, food, steel and drug manufacturing, Mr. McCormick said, are connected by very slight threads—if connected at all—with the great universities or with the government, except as the government exercises police supervision over the products of the business industries. He believed the Chamber of Commerce of the United States, representing as it does large commercial organizations throughout the country, was in a position to approach the educational institutions and government officials with a view to a preliminary conference on the subject. The National Chamber has formed a bond of union between the government and business interests in a way nothing else has done and he believed it could now go a step further.

### A Suggested Method of Procedure

The subject of such cooperation was brought forth at the scientific section of the American Pharmaceutical Association meeting at San Francisco by Dr. A. R. L. Dohme of Baltimore. It has been suggested that the National Chamber call a meeting at Washington inviting thereto the presidents of twelve prominent educational institutions and twelve heads of large industrial or manufacturing plants, each representing a different industry. Consideration would be given to the possibility of each educational institution handling specific problems for the industries, making experiments for them if necessary or desirable, and endeavoring to organize a course of study training their graduates along particular lines that would be of direct benefit to the industries. The understanding would be, in this case, that these manufacturers would be willing eventually to take the most desirable of these students into their plants for the working out of the future scientific development and the problems of manufacture.

### Preparations for a Great Annual Meeting

As a forerunner to what is expected to be the most important gathering in the history of the Chamber of Commerce of the United States comes the announcement that the Fourth Annual Meeting will be held in Washington, D. C., on Tuesday, Wednesday and Thursday, February 8, 9 and 10 next. The National Council will assemble on Monday afternoon, February 7. Already extensive plans are under way to make this convention of business men from all over the country a memorable one and there are early indications of a strong program.

### Increasing the Scope of the President's Veto

One of the matters which will be discussed at the annual meeting is whether or not the National Chamber is to take up the question of proposing an amendment to the Constitution of the United States whereby the veto power of the President might be enlarged. This was brought before the directors of the Merchants' Association of New York and after a discussion at Cleveland it was voted to give the question a place on the annual meeting program. The main object of the proposed legislation would be to give the Chief Executive power to kill rider legislation, by vetoing the particular item and not the entire bill.

### Tariff Commission and Budget Legislation

The directors believe the time has come—especially now just before Congress convenes—

### Other Referenda to be Submitted Soon

Pending the action of special committees it is expected that two of the three referenda recently ordered by the Board may be submitted to the membership at an early date. One is on the terms of settlement after the European War and the other relates to the Department of Commerce with particular regard to developing the Bureau of Foreign and Domestic Commerce and the American Consular Service. Progress was reported on the preparation of the third referendum, on the Seamen's Bill, and it is expected that it also may be submitted soon.

### Question of Highways May Come Up

A plan to be followed by the National Chamber with respect to the construction of highways is now being considered. A special committee will report to the Directors on this subject at a later date.

### Statistics and Standards Committee

It was voted that the report of the Committee on Statistics and Standards on the statistics of exports and imports be received (subject to amendments in certain particulars) and that its publication be authorized. The matter will be placed on the program for consideration at the Fourth Annual Meeting.

### Cleveland Is Hospitable

Owing to the volume of business which had to be transacted the National Chamber directors were in session most of the time, but still had time to enjoy the hospitality that was extended. The visitors were honor guests at the regular Tuesday luncheon of the Chamber of Commerce of Cleveland at which 600 local members were present. Edward A. Filene, of Boston, talked on "Business After the War," and President Fahey outlined the important activities of the National Chamber. There was an opportunity also at luncheon for the visiting Directors to meet the Directors of the Cleveland chamber.

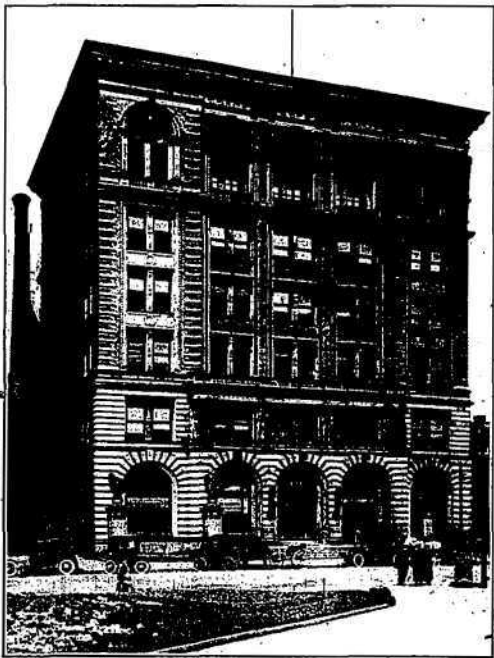
### Banquet by President Little

A banquet was tendered to the national directors Wednesday night by Bascom Little, president of the Cleveland Chamber of Commerce. About thirty directors and prominent business men of the Cleveland chamber attended. Hon. Charles Nagel, of St. Louis, former Secretary of Commerce and Labor, told of the success of the National Chamber and for what it had been organized.

President Fahey gave an idea of the importance of the work in hand at present and spoke of plans affecting business legislation to be taken up by the next Congress.

### A Representative Attendance

In addition to President Fahey, there were present at the Cleveland meeting, Samuel McRoberts, of New York, vice-president of the National Chamber; John Joy Edson, of Washington, D. C., the treasurer, and R. G. Rhett, of Charleston, S. C., Chairman of the Executive Committee, and the following directors: William H. Douglas, of New York; A. I. Esberg, of San Francisco; L. S. Gillette, of Minneapolis; G. A. Hollister, of Rochester, N. Y.; W. M. McCormick, of Baltimore; James R. MacColl, of Providence, R. I.; E. T. Meredith, of Des Moines; Hon. Charles Nagel, of St. Louis; Leon C. Simon, New Orleans; F. A. Seiberling, of Akron, O.; Wm. H. Stevenson, of Pittsburgh; and T. L. Temple, Texarkana, Ark. Elliot H. Goodwin, of Washington, D. C., the General Secretary, attended all sessions and with him was D. A. Skinner, also of Washington, the Assistant Secretary.



THE HOME OF THE CLEVELAND CHAMBER OF COMMERCE WHICH HOSPITABLY RECEIVED THE DIRECTORS OF THE NATIONAL CHAMBER AT THEIR BOARD MEETING ON OCTOBER 5 AND 6

for renewed and vigorous advocacy of a Permanent Tariff Commission and a National Budget. As a result every commercial organization affiliated with the National Chamber—and a report submitted at Cleveland shows there are now 673 representing an underlying membership of 298,446 corporations, firms, and individuals—is now being requested to appoint a small committee of three to five business men to cooperate with the special committees on these subjects representing the National Chamber. The organizations are responding to this request.

### Merchant Marine Legislation Urged

President Fahey was authorized to appoint a special committee to make effective the result of the vote on the merchant marine referendum. The committee on that subject was instructed to confer with members of the Administration at an early date regarding their attitude on the question of securing legislation which would provide for a merchant marine. Secretary Goodwin reported that the result of the National Chamber merchant marine referendum vote had been sent to each Senator and Representative in Congress.

## How Consuls Can Aid as Business Agents

CONSULAR officers are permitted to receive, display and circulate catalogs and price lists. It would seem that this might be of interest to commercial organizations in communities where there is manufacturing for export.

In a letter recently brought to the attention of the National Chamber is the following statement:

The different chambers of commerce in the United States could be of the greatest assistance and aid to the American Consular Service abroad, by offering suggestions and instructions as to the merits of goods made in their towns. By so doing the American Consul is enabled to be of great service.

The attention of the National Chamber has been directed to the fact, in such suggestions, that only articles for export should be listed, and that it would also be of value to list such foreign articles or raw materials as the manufacturer has to import.

Many commercial organizations publish membership business lists which contain the names of manufacturers and the goods they produce, but this is not the information that the Consuls seek. They want to know with certainty whether the manufacturer will sell abroad, whether he is equipped to do so, and something definite regarding his goods. In this way the Consul becomes equipped with information that may lead to inquiries and sales. If the information thus tabulated for the information of Consuls also contains a statement regarding foreign products or materials imported by the factory, together with an estimate regarding quantity consumed, it may lead to the discovery of new, and less expensive sources of supply.

When sending catalogs or other advertising matter to foreign countries, particularly to those in Latin-America, the question of customs regulations should be kept in mind. To some of the South American countries, notably Venezuela, such matter sent by parcel post is subject to duty whereas it is admitted free by ordinary mail. When a firm in this South American country is called upon to pay forty or fifty cents or more as duty on the catalog of some American manufacturer, sent by parcel post, the usual result is that the catalog is refused and the manufacturer in the United States wonders why his advertising in South America brings so little business.

## The War and the Metal Markets

COPPER has figured very largely in the news from the economic background of the war. One of the large metal dealers in London estimates that the total production of copper for the world during 1914 was about 10 per cent less than in 1913. During that period, however, Germany's output increased by 20 per cent and Austria's by 6 per cent. Since the beginning of 1915, says the American Consul General at London, there has been a general increase of production, owing to the heavy demands by the belligerent countries. This has caused an increase in the price of standard copper from \$332.32 to \$362.55 a ton.

The latest figures issued by the Bureau of Foreign and Domestic Commerce, giving the exports of copper from the United States for the week ended August 21, show domestic exports amounting to 9,566,132 tons, valued at \$1,742,659. Of this, France received over two-thirds, and England, the next largest purchaser, a little over one-seventh. The Japanese possessions were the third largest consumer during the week, followed by Italy.

From figures compiled by the United States Geological Survey, there was a decline in 1914 of primary and secondary copper from the output of 1913, of approximately 90,000 pounds, or 1,652,290.541 produced in 1913 as compared to 1,505,708.374 for 1914. The apparent consumption of refined copper in the United States in 1914 was 711,268,000 tons as compared to 812,268,000 in 1913.

A comprehensive report on the copper industry is in preparation and will be published by the Geological Survey as a part of a general review of industries in certain metals.

Among other metals, the price of antimony has risen 350 per cent, tungsten 200 per cent; quicksilver more than 100 per cent; "spelter" has risen more than 500 per cent, and some materials are unobtainable because practically unobtainable. This enormous increase in price is of course due largely, if not exclusively, to the use of these materials in the manufacture of munitions of war. It is a significant but noteworthy fact that most of the European demand is from Russia, and second on the list is Mexico.

Among the beneficiaries have been the Chinese and Japanese owners of the world's largest antimony mines, which are located in those two countries. One Chinese mine owner is said to have been making profits of 700 per cent, due to the remarkable rise in antimony prices. So great has been the demand for antimony, according to the *Wall Street Journal*, that certain shipments from China or Japan to the United States already landed on the Pacific coast some months ago were bought back from the American owners, shipped back across the Pacific to Vladivostok and sent, via Siberia, to Russian ammunition makers. The American buyers in this case made a profit of 50 per cent to 75 per cent.

In this connection, it is interesting to note that Consul Felix S. S. Johnson tells us that the Provincial Government of Ontario is taking steps to organize a nickel industry with a view to completing the refining process within the Province, without shipping as heretofore to United States refineries. Every detail of the industry will be studied carefully by a special commission, and the Province hopes to realize a return from its nickel deposits.

## The Madrid Chamber of Commerce

THE Madrid Chamber of Commerce, through its official bulletin, calls attention to the fact that the chambers of commerce of Spain are official organizations which hold direct relations with the heads of government. They are advisory boards acting in conjunction with the national administration and are heard as a matter of right on all proposed changes in commercial treaties, changes in important duties, appraisals, and customs ordinances. In general, they are heard on all public matters which affect the interests of their members. The Madrid Chamber publishes a monthly, the *Boletín Oficial*, similar in general character to our own *Commerce Reports*. This publication is frequently quoted in the daily newspapers, particularly its section known as "Trade Opportunities." In response to a recent inquiry of the American consulate the present president of the Madrid Chamber, Senor Matesanz, writes that the chamber will publish in its *Boletín Oficial* all trade offers of American exporters as well as those of American importers of Spanish products. The consulate at Madrid will translate into Spanish and forward for publication such matter (addressed to the "American Consul, Madrid, Spain"), briefly expressed, as American exporters or importers may deem of interest.

## How Taunton Had Its House Warming

THE Taunton, Massachusetts, Chamber of Commerce has inaugurated "house warmings" as one method of showing its appreciation of what its citizens do for the improvement and beautification of the city. Recently an enterprising business man of Taunton completed a business block, and the newspapers describe him as having "started one of the largest building movements in regard to business property that Taunton has experienced in 30 years."

To show its appreciation of what had been done the Taunton Chamber of Commerce held its regular September meeting in the store about to be occupied in the new building by its enterprising owner. Prominent business men attend-

ed and in the addresses made there was an enthusiasm that not only showed the appreciation of the Chamber of Commerce, but was an inspiration to other property owners to tear down structures "for revenue only" and erect in their place buildings that would help the beautification and good fame of the city.

In a letter to THE NATION'S BUSINESS, concerning this affair, Secretary C. L. Wheeler, of the Taunton Chamber of Commerce says: "We have several similar meetings scheduled tentatively and believe that this return to the old fashioned, democratic house-warming idea is a movement which will not only strengthen our organization but will have a tendency to arouse more civic spirit and enthusiasm."

## Standardizing Building Contracts

A STANDARD form of agreement between the different parties in a building contract has been prepared by the American Institute of Architects. Building, legal and architectural experts have worked for years on the problem of such a standard form. The Institute now brings out a collection of these documents, which have already, it reports, met with a favorable reception from contractors—particularly sub-contractors and material men—and architects. These standard documents, which include (a) a form of agreement and general conditions of the contract, (b) a bond of suretyship, (c) a form of sub-contract, and (d) letter of acceptance of sub-contractor's proposal, have now received the formal approval of the National Association of Builders' Exchanges, the National Association of Master Plumbers and the National Association of Master Steam and Hot Water Fitters. These may be obtained from the headquarters of the American Institute of Architects (Washington, D. C.) at a nominal cost. The Institute urges architects everywhere to use and test the forms and invites criticism from owners and builders.

## Statement of the Ownership, Management, Circulation, Etc.

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D. A. Skinner  
(Signature of editor, publisher, business manager or owner.)  
Assistant Secretary,  
CHAMBER OF COMMERCE OF THE  
UNITED STATES OF AMERICA.

Sworn to and subscribed before me this Fifth day of October, 1915.  
Katherine V. Boswell  
Notary Public.

(My commission expires Jan. 3, 1918).